



Some Opening Thoughts on the Recovery in US, CA, and San Diego

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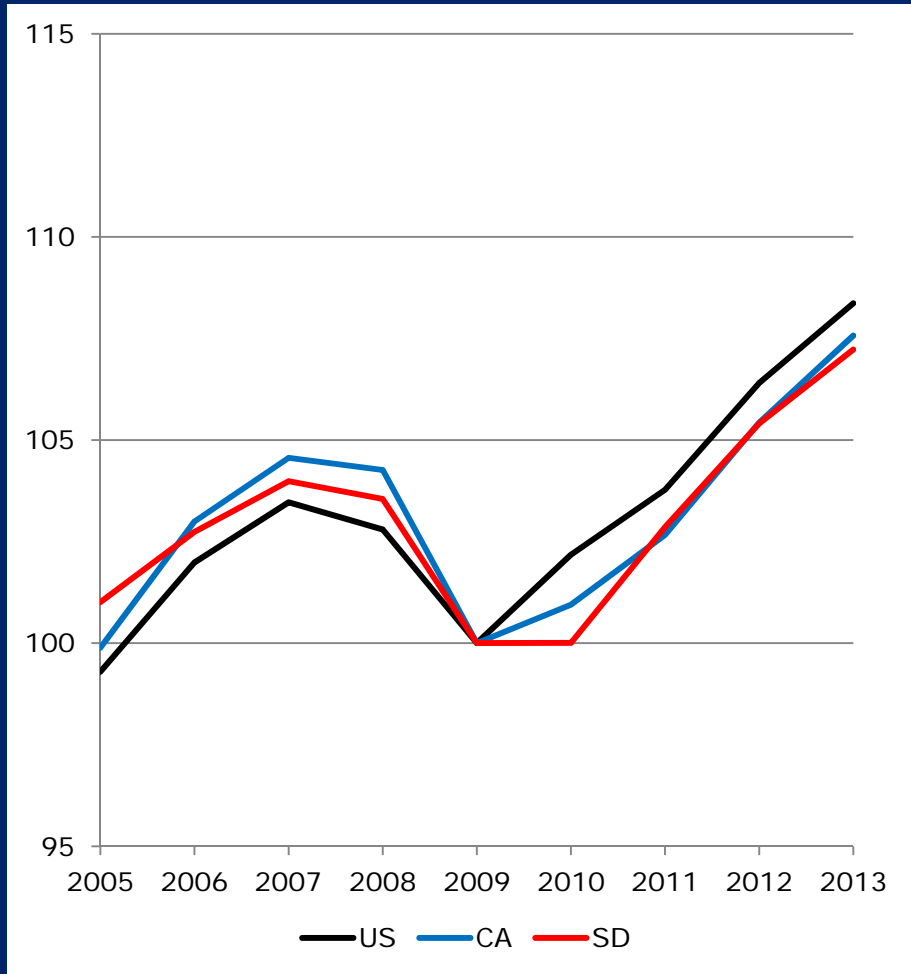
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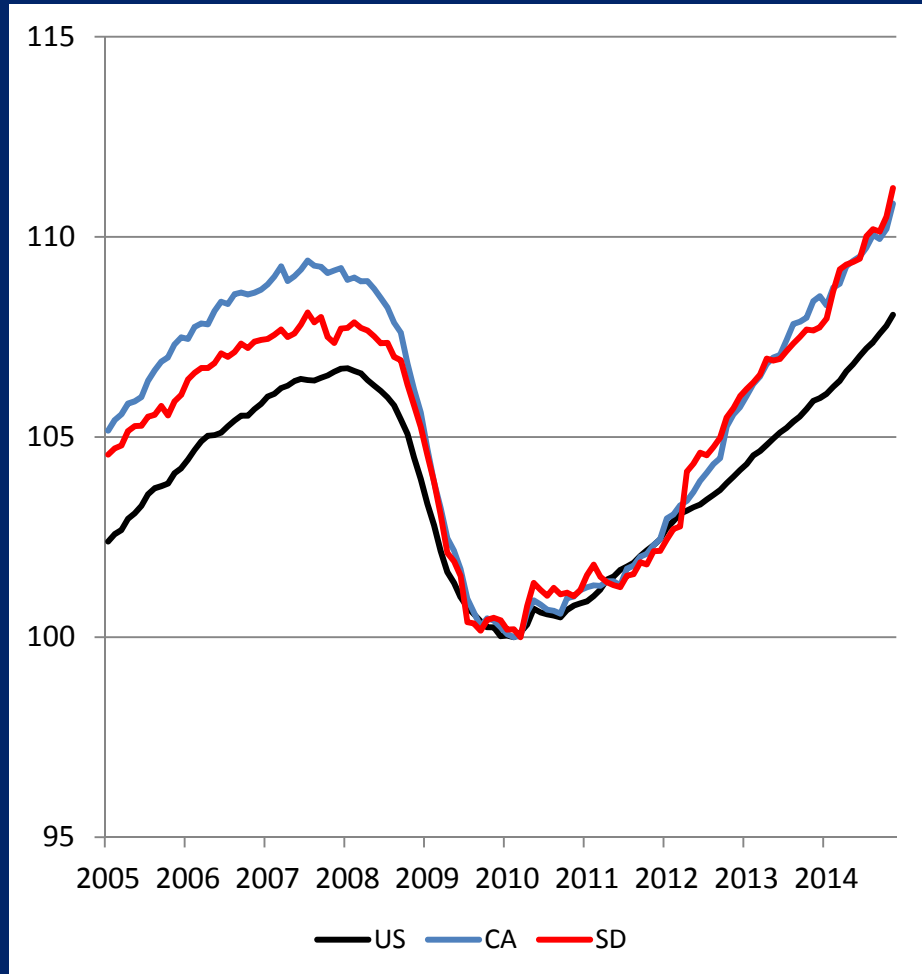
Jobs and GDP

*CA and SD GDP recovery lags the US (real estate)...
...but local job growth has been substantially faster than US.*

Real GDP (2009 \$, Trough = 100)



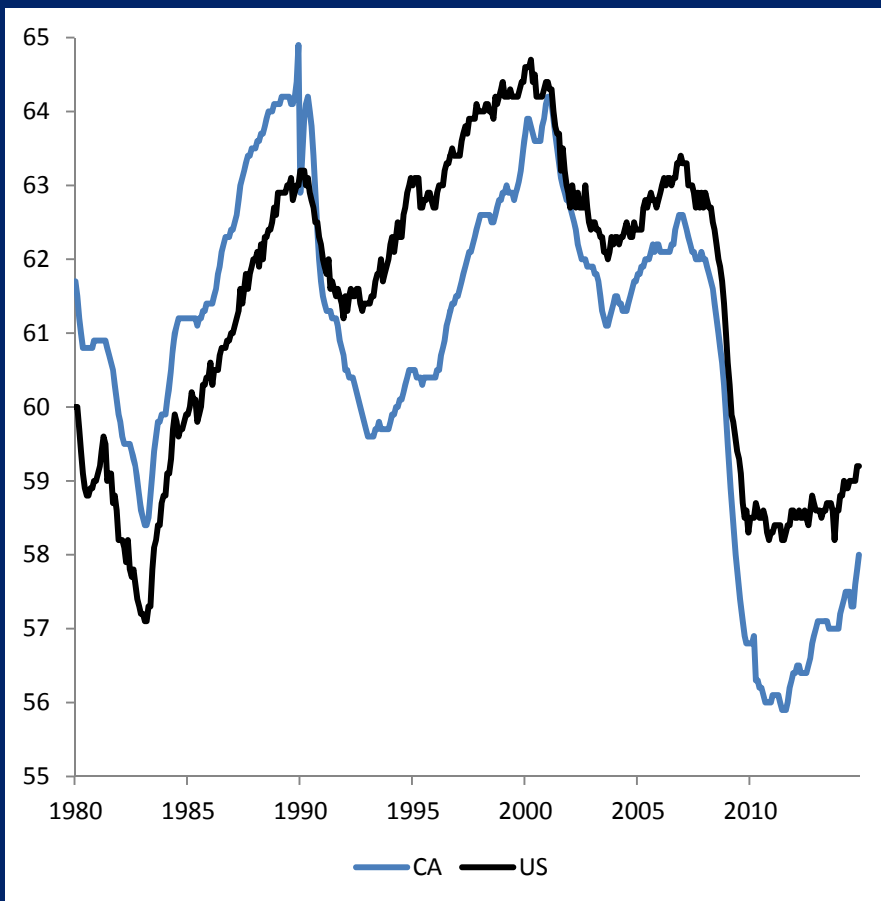
NF Payroll Employment Index (Trough = 100)



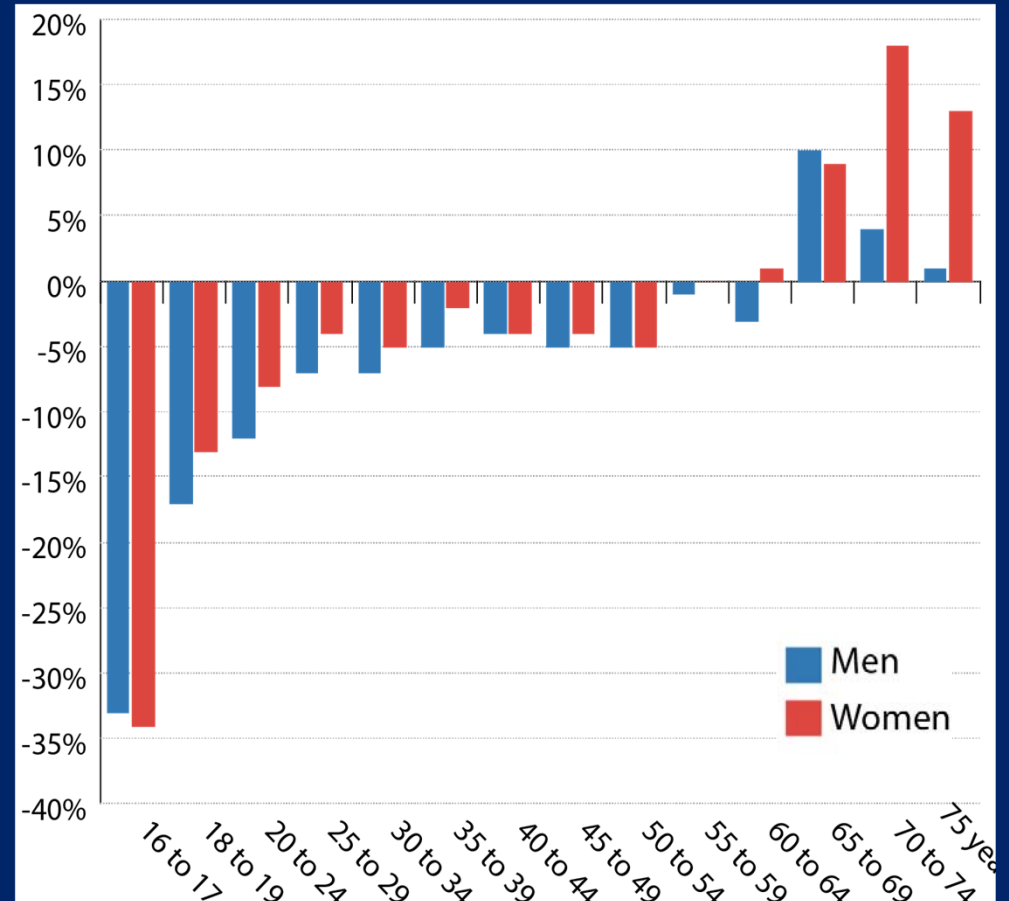
Jobs Recovery: Demography

*Unemployment masks the depth of the labor market collapse.
HS and college grads hardest hit; boomers work longer.*

Employment to Population Ratio

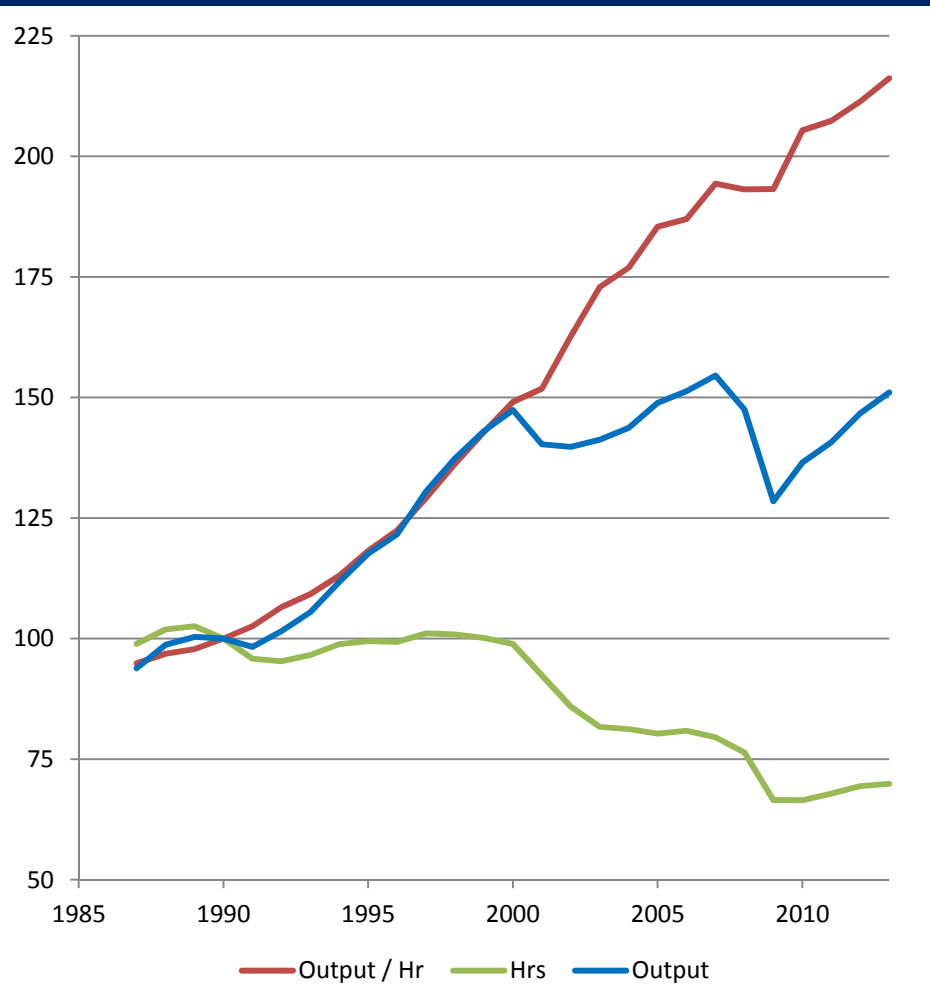


US Chg. in Emp/Pop by Age, '07 – '13



Productivity and Job Growth

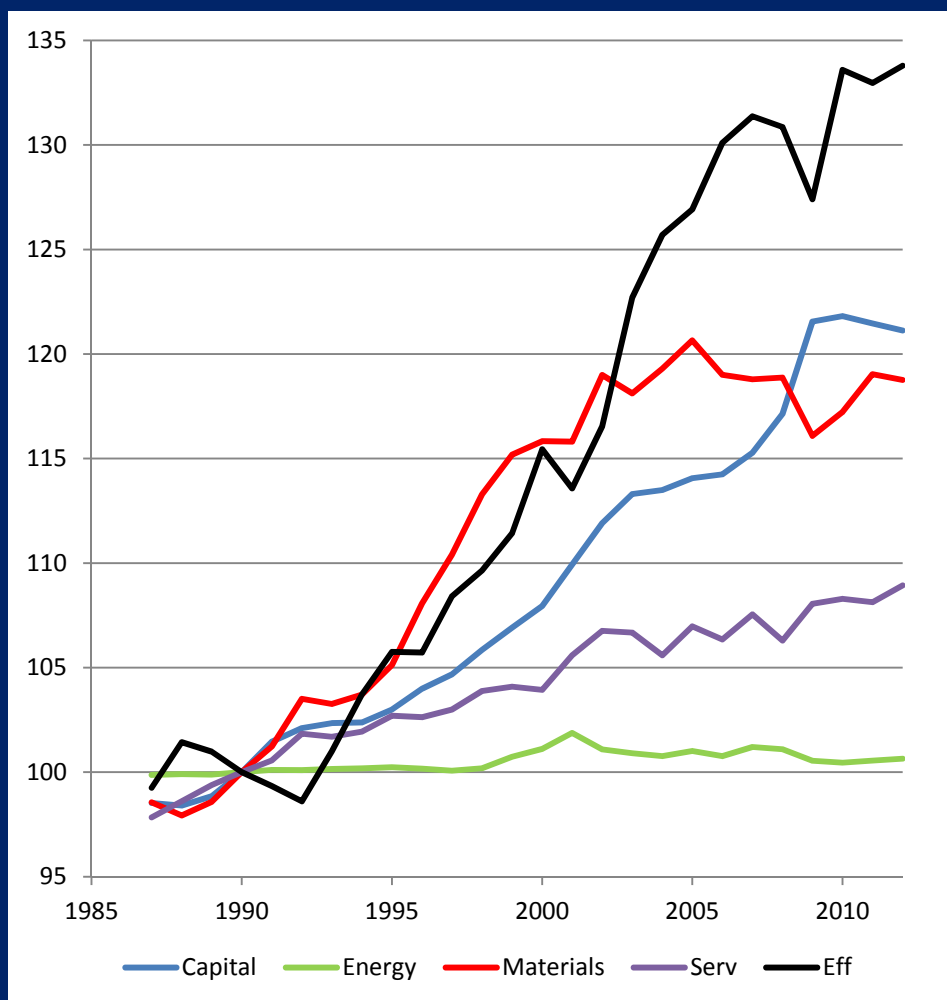
US Mfg Output, Hours (1990 = 100)



- Since 1990, US Mfg hours worked have fallen 32% (-36% in CA)
- Since 1990, US Mfg output is up 50% (real GDP up ~75%)
 - Mfg output rose through '00 with steady hours
 - Held steady post '00 with falling hours.
- While employment has fallen, US Mfg Labor Productivity (Output / Hr) has *more than doubled* over this period.

Sources of Labor Productivity

Contr. to Growth of Output / Hr (1990 = 100)



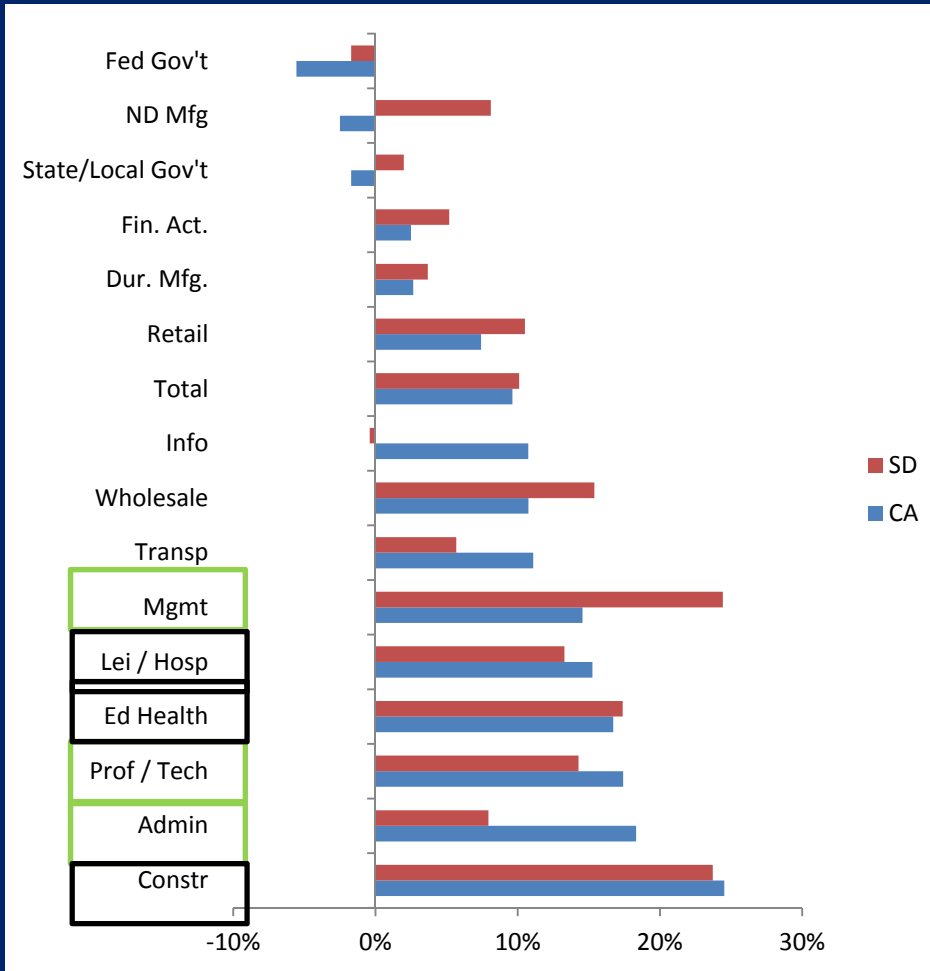
Relative to 1990, US Mfg has become:

- More Capital Intensive
 - Steadily falling long-term interest rates make capital cheap
 - Int'l competition makes labor relatively expensive
- More Material Intensive (through 2000)
- More Efficient: squeezing more output out of the same inputs

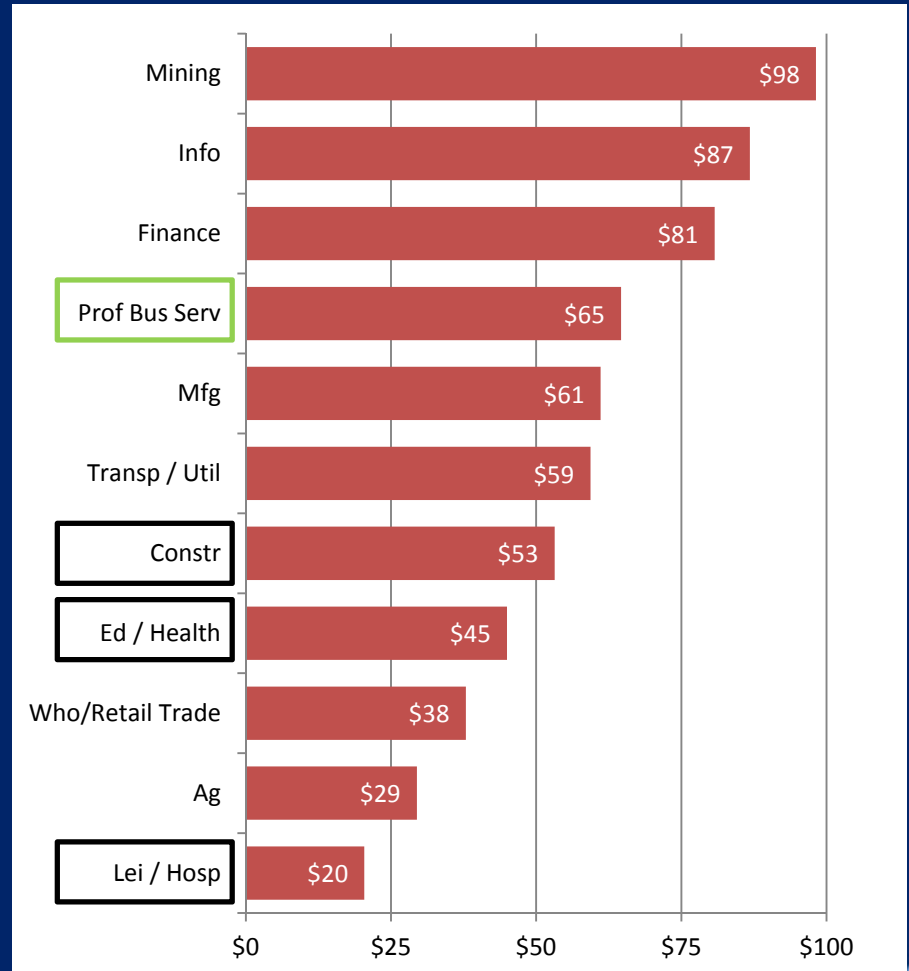
Jobs and Wages

CA / SD Job Recovery is polarized: high wage sectors and low wage sectors, but not much in the middle

% Chg. In Employment Since Nov. 2010



2013 Ave. Annual Salary by Sector (\$1000s)

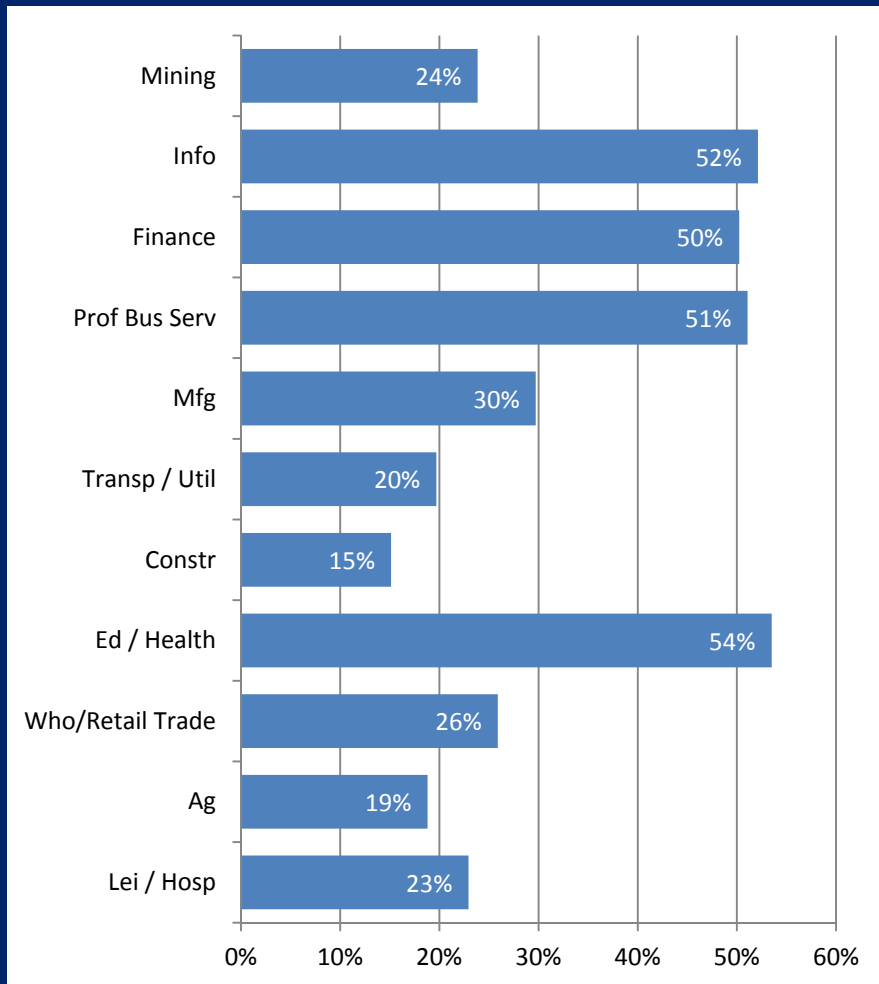


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Wages and Education

Higher wage sectors have higher education req's. CA / SD have relatively high levels of BA+ workers... but also a high share of no HS diploma.

2013: US Share of Emp. w/ BA or higher



2013: Educational Attainment

